

**MINUTES OF THE
REVENUE AND TAXATION INTERIM COMMITTEE**
Wednesday, June 23, 2010 – 9:00 a.m. – Room 445 State Capitol

Members Present:

Sen. J. Stuart Adams, Senate Chair
Rep. Todd E. Kiser, House Chair
Sen. Ross I. Romero
Sen. Howard A. Stephenson
Sen. John L. Valentine
Rep. Tim M. Cosgrove
Rep. John Dougall
Rep. Susan Duckworth
Rep. Francis D. Gibson
Rep. Wayne A. Harper
Rep. Gregory H. Hughes
Rep. Christine A. Johnson
Rep. Carol Spackman Moss
Rep. Stephen E. Sandstrom
Rep. Dean Sanpei
Rep. Evan J. Vickers
Rep. R. Curt Webb

Members Absent:

Sen. Curtis S. Bramble
Sen. Wayne L. Niederhauser
Rep. Gage Froerer

Staff Present:

Mr. Phillip V. Dean, Policy Analyst
Mr. Bryant R. Howe, Assistant Director
Mr. Robert H. Rees, Associate General Counsel
Ms. Rebecca L. Rockwell, Associate General Counsel
Ms. Chelsea Barrett, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Kiser called the meeting to order at 9:12 a.m.

MOTION: Rep. Harper moved to approve the minutes of the May 19, 2010 meeting. The motion passed unanimously. Sen. Romero was absent for the vote.

2. Overview of State and Local Revenues and Economic Trends

Mr. Dean and Mr. Howe distributed and presented "Overview of State and Local Revenues and Economic Trends." They discussed various state economic indicators including population, employment, housing and construction. Mr. Dean and Mr. Howe provided an overview of the state and local tax system in Utah. They highlighted income, sales, property, and fuel taxes, as well as interstate tax comparisons.

The Committee discussed the presentation.

Mr. Dean reviewed "Revenue Summary Eleven Months FY 2009-10" and "Utah State Tax Commission - Tax Collections."

Dr. Andrea Wilko, Office of the Legislative Fiscal Analyst (LFA), explained that revenue collections to date are consistent with LFA's updated revenue forecast range.

3. Sales and Use Tax Exemption for Certain Mining Equipment

Ms. Rockwell outlined the background for sales and use taxes for mining and equipment tax exemptions.

Sen. Hinkins, Rep. Watkins, and Mayor Ben Blackburn, Wellington City, distributed and presented "Wellington City Documents." Their presentation discussed current challenges faced by some rural communities due to enactment of the mining equipment exemption. They highlighted recent revenue shortfalls in Wellington and Monticello.

Mayor Blackburn suggested allowing imposition of a local option sales tax.

Mr. Lincoln Shurtz, Utah League of Cities and Towns, commented on an arrangement in place that allows Wellington to avoid default on its bond payments.

Rep. Watkins discussed Wellington's financial situation.

Mr. Todd Bingham, Utah Mining Association, noted the uniqueness of certain communities' situation and expressed interest in the Utah Mining Association participating in developing a solution.

Committee members discussed the mining exemption and options for addressing the municipal financial situations that were discussed.

Chair Kiser requested that the Utah Mining Association and other stakeholders involved with the mining equipment tax exemption study the topic and report back to the Committee.

4. Use of Tax Revenues for Public School Funding

Mr. Rees outlined "Highlights of Litigation on Equality and Adequacy of Education Funding" and "A Sampling of State Constitutional Provisions on Education."

Rep. Newbold distributed and explained "Tax Year 2009 School District Actual Property Tax Levy Rates and Estimated Revenues" and "History of Basic Levy and Rate and Property Tax Revenue Per WPU and Per Student." She discussed the state's effort to improve equality in school funding.

Sen. Adams distributed "Sen. Adams School Capital Outlay Equalization Proposal June 2010." He explained his proposal to equalize school capital outlay funding.

The Committee discussed the presentations.

5. Other Items / Adjourn

Sen. Stephenson distributed "UTOPIA/Brigham City Fiber-Optics Network." He encouraged the Committee to review the document and noted that it relates to the discussion in the previous meeting regarding UTOPIA (Utah Telecommunication Open Infrastructure Agency).

MOTION: Rep. Webb moved to adjourn the meeting. The motion passed unanimously. Sen. Valentine, Rep. Dougall, Rep. Harper, Rep. Hughes, Rep. Sandstrom, and Rep. Vickers were absent for the vote.

Chair Kiser adjourned the meeting at 11:51 a.m.